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SUBJECT: AMERICAN COMPANY EXPLORING POTENTIAL FOR IT OUTSOURCING IN SIERRA LEONE

**¶1.** SUMMARY: Poloff met a four-person team visiting Sierra Leone to explore the possibility of software development outsourcing to Sierra Leone on November 30. The team, representing an envisioned start-up business named "Blue Ocean IT," was headed by AmCit James Kane, Managing Director of US firm Devon International Group. Topics of discussion included the current and anticipated business climate, expected challenges to the business concept, and the Embassy's role in promoting US business investment in Sierra Leone.

**¶2.** BLUE OCEAN IT: Blue Ocean IT is a proposed joint initiative from Devon International and IBM. The concept involves investing in local information technology education, possibly through Fourah Bay College's Department of Electrical Engineering or Institute of Public Administration and Management (IPAM). Although IPAM has impressive facilities and organizational capacity, the Minister of Education (who was said to be interested in the project) recommended the Department of Engineering. Once core personnel are trained, the next phase would be to establish a local software development business for outsourcing, likely with client references from IBM. It is important to note that while Devon International has a strong business relationship with IBM as well as a strong personal relationship between Devon International's CEO and a Vice President at IBM, IBM has made no commitments to this initiative as of yet.

**¶3.** TOPICS OF INTEREST TO INVESTORS: The visiting team had questions regarding expected pros and cons of investing in such a concept in Sierra Leone. Poloff discussed that one could be cautiously optimistic that the business climate would improve somewhat due to the new administration's priorities, but that it was too soon to tell. Two of the top points of discussion were energy and corruption. Poloff explained that energy was scarce, and that even though temporary generators might come online before the end of the year, and the Bumbuna power plant might come online in 2009, any business should expect to devote substantial resources to generators and fuel. Regarding corruption, poloff stated that while the new commissioner of the Anti-Corruption Commission had a good reputation and that the upper echelons of the administration seemed committed to fight corruption, it was too soon to tell if this would significantly reduce corruption. Continuing on the same theme of cautious optimism, poloff said that given President Koroma's business background, the new administration was expected to work hard on improving the business climate in Sierra Leone.

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